

VZCZCXRO5779

PP RUEHAG RUEHAST RUEHBI RUEHCI RUEHDBU RUEHDF RUEHIK RUEHLH RUEHLN
RUEHLZ RUEHNEH RUEHPW RUEHROV RUEHSK RUEHSL RUEHSR RUEHVK RUEHYG
DE RUEHAH #1048/01 2310327
ZNR UUUUU ZZH
P 190327Z AUG 09
FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 3316
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
RUCNCIS/CIS COLLECTIVE PRIORITY
RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUEHAK/AMEMBASSY ANKARA PRIORITY 5556
RUEHBJ/AMEMBASSY BEIJING PRIORITY 3275
RUEHKO/AMEMBASSY TOKYO PRIORITY 3140
RUEHIT/AMCONSUL ISTANBUL PRIORITY 3799
RUEKJCS/JOINT STAFF WASHDC PRIORITY
RHMCSUU/CDR USCENCOM MACDILL AFB FL PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RUEHRC/DEPT OF AGRICULTURE WASHDC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY

UNCLAS SECTION 01 OF 02 ASHGABAT 001048

SENSITIVE

SIPDIS

STATE FOR SCA/CEN
ANKARA FOR AGRICULTURAL COUNSELLOR

E.O. 12958: N/A

TAGS: [EAGR](#) [ECON](#) [ETRD](#) [PGOV](#) [SOCI](#) [TX](#)

SUBJECT: TURKMENISTAN: FOOD PRICES REMAIN HIGH

¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) SUMMARY: Despite the government's attempts to reduce food prices, including short-lived price caps for meat, eggs and some other basic food staples, prices for basic food items have not changed since April and remained steadily high. Overall, people's expenditures for food have increased due to unprecedented high prices for locally supplied fruit and vegetables. Currently, families are forced to spend more of their budget for food and cut back on clothing and other items. END SUMMARY.

¶3. (SBU) A recent price check in local markets revealed that prices for basic food items, including flour, rice, meat, chicken, eggs, butter, vegetable oil, sugar, milk and cheese, have not changed and remain steadily high. For example, a kilo of beef is available for 60,000 manat (\$4), and a whole chicken is available for 90,000 manat (\$6). In March of this year, following the president's order, the Ministry of Trade imposed price caps for meat and other basic food items. While this action resulted in a temporary price decrease, the lower prices were accompanied by lower quality products. After a couple weeks, the government stopped enforcing the price caps, and both prices and quality rose to their previous levels. A local resident who works for a government agency and earns three million manat (approximately \$210) a month reported that her salary was not enough to cover her basic food needs.

¶4. (SBU) Ashgabat residents reported that prices for locally supplied fruit and vegetables this summer were unprecedentedly high. For example, a kilo of tomatoes and potatoes is available for 8,000 manat (approximately 60 cents), carrots are available for 15,000 manat (approximately one dollar), and cabbage for 10,000 manat (approximately 70 cents). A kilo of peaches is available for 25,000 manat (\$1.70), grapes and apples are available for 20,000 manat (\$1.40). An Ashgabat resident said that

last summer, prices for such produce were half the current price. A local source claimed that catering of the new government's luxurious hotels in the Avaza tourist zone on the Caspian Sea and the opening of a new produce supermarket in Turkmenbashi City (former Krasnovodsk), as well as commercial exports to Kazakhstan and Russia, resulted in short supply of fruit and vegetables in Ashgabat, which subsequently led to the significant increase in their prices.

15. (SBU) A source in Lebap Province, which is the major supplier of fruit in the country, told Pol/Econ local staff member that many large state-owned orchards were destroyed under President Niyazov in order to free land for wheat and cotton. In Dashoguz Province, the country's main supplier of vegetables, farmers are experiencing a serious shortage of irrigation water. A presidential decree in March of 2008 announced a short-term loan program for farmers to purchase the necessary inputs for their harvest. However, a farmer from Ahal said that the bank's bureaucracy and corruption made the president's offer unattractive for farmers.

16. (SBU) COMMENT: In order to stimulate more fruit and vegetable growing to meet domestic demand and commercial exports, the government needs to offer farmers free land, provide irrigation water and develop an effective agricultural extension service. Without such steps, low prices for fresh produce will be a thing of the past.
END COMMENT.

ASHGABAT 00001048 002 OF 002

MILES